DEPARTMENTS OF THE ARMY AND THE AIR FORCE
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NGB-ARL

September 20, 2001

MEMORANDUM FOR THE ADJUTANTS GENERAL OF ALL STATES, PUERTO RICO, THE US VIRGIN ISLANDS, GUAM, AND THE COMMANDING GENERAL OF THE DISTRICT OF COLUMBIA

SUBJECT: (All States Log Number P01-0058) Capturing Demands for Operational Tempo (OPTEMPO) Cost Factor Development

1. Reference Information Paper, National Guard Bureau, NGB-ARL-M, 9 May 2001, subject: Importance of, and Procedures for, Supply DHA Records.

2. This memorandum presents and defines NGB policy and procedures for accurate, national-level and repair parts demand capture to positively influence OPTEMPO funding through the Program Objective Memorandum process.

3. The Army's OPTEMPO is based upon a cost factor equation that includes repair parts demands as one of its variables. The United States Army Cost and Economic Analysis Center (CEAC) calculates a cost factor for each system over a three-year period. Historically, ARNG has done poorly in capturing non-standard demands against the supply system. Our usual low OPTEMPO funding causes us to initiate workarounds to keep equipment ready. Unfortunately, CEAC cannot see these workarounds, so our true repair parts usage is not part of the cost factor calculation. As a result, our OPTEMPO funding gets further depressed.

4. To remedy this situation, NGB developed the NGB Communications Utility (NGBCU). Although the utility program has been in the field for several years, and updated to include additional features, many States do not use it to its fullest capability.

a. The NGBCU has the capability to capture demands of parts not acquired through Military Standard Requisitioning and Issue Procedures (MILSTRIP). The DHA function, under the MILSTRIP menu in NGBCU, creates a document identifier code (DIC) "DHA" document that is passed to the Standard Army Retail Supply System and then to the Central Demand Data Base, where it is captured as a demand. The CEAC will only capture NGBCU submitted DHA documents as demands. For specific information on this process, see reference 1.

b. To be considered in cost factor determinations, supply transactions where States must submit DHA documents through NGBCU, include but are not limited to:

(1) Local purchase using DA Form 3953.

(2) Local purchase using an International Purchase Authority Card.

(3) Cannibalization Point.

(4) Defense Reutilization Management Office.

(5) National Guard Materiel Management Center.

(6) Warranty parts.

c. States must also submit DHA documents through NGBCU to show demands that would have been recorded had the parts been ordered instead of repaired. Some examples are:

(1) Submit a DHA document with a DIC when rebuilding a general support level component in support of an end item work order.

(2) Submit a DHA document, when sending a component for rebuild to an outside activity. For example, the AGT 1500 Engine sent to Kansas A-Team for rebuild.

5. This memorandum will expire 30 September 2002, unless sooner rescinded or superseded.

6. Point of contact is MAJ William Palfey, Logistics Staff Officer, Maintenance Branch, Logistics Division, at DSN 327-9444, 703-607-9444, or email william.palfey@ngb.army.mil.

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INFORMATION PAPER

NGB-ARL-M
9 May 2001

SUBJECT: Importance of, and Procedures for, Supply DHA Records.

1. Background:

a. The requisition of repair parts and components not received through the normal supply channels, (such as Local Purchase or Blanket Purchase Order Account (BPA) purchases, cannibalization (CANN) point usage, DRMO issues, and Credit Card (IMPAC) purchases), requires that a DHA document be created to identify the demand at the National level. DHA records should also identify General Support (GS) level maintenance requirements, for components of an End Item, satisfied by maintenance repairs. The DHA record is passed through the SARSS-1 and processed in the Demand History Analysis of SARSS-2 before passing to the wholesale system. At the wholesale level, selected data contained in the Central Demand Database (CDDB) and the Logistics Intelligence File (LIF), plus usage data, are used in the calculations for OPTEMPO cost factors.

$$\text{Weapon System Cost Factors} = \frac{\text{Parts QTY x Price}}{\text{Usage (Miles/Hours)}}$$

Figure 1. Formula for Cost Factors

b. When DHA demands are not reported, the OPTEMPO cost factors are adversely affected. In order to have those retail demands in OPTEMPO cost factor build, the DHA records must be submitted.

c. Furthermore, DHA records without End Item Code (EIC) identification are not attributable to a specific weapon system. They are counted towards multiple systems, giving only fractional accountability towards the proper system. Therefore, to achieve accurate OPTEMPO cost

factors for the appropriate weapon system, it is extremely important that DHA records, containing the appropriate EICs, are submitted and processed.

d. Historically, the DHA reporting process has been less than adequate for the ARNG due to STAMIS inefficiencies and the variety of workaround processes required to both create and submit DHA records. This has caused OPTEMPO cost factors to be understated since their inception. Because OPTEMPO cost factors are calculated over a three-year average, there is no immediate cure to get the factors to actual cost. A methodical and judicious submission of DHA records must be implemented and sustained to achieve this goal in the near future.

e. Another harsh reality is that all DHA demands are not treated equally. Therefore, it is critical to assure that not only are demands captured, but that they are also identifiable, so they can be considered in the OPTEMPO cost factor build. To be considered, the DHA must meet certain criteria. It must have a valid NIIN (FEDLOG), and the serial number (Document number - last 4 digits) must begin with unique codes identifying the source of supply as generated by the NGB Communications Utility (NGBCU). The list of the acceptable codes is provided below. The record should also contain the correct EIC for application toward the proper weapon system.

Source of Supply codes (A=Air, G=Ground):

CODE		**SOURCE**
AC	GC	CANN Point Issue
AD	GD	DRMO Issue
AG	GG	GMMC Issue
AI	GI	IMPAC Card Purchase
AL	GL	Local Purchase/BPA Purchase
AS	GS	GS Replacement
AW	GW	Warranty Program Issue

f. All States should ensure that procedures are in place to account for all DHA demands, and that the proper EIC identification and unique NGBCU Code are included in each record. Changes to the existing ULLS-G/SAMS-1 STAMIS are not possible due to the STAMIS moratorium brought about by the development of GCSS-Army. Therefore, the recommended solution is the utilization of the NGBCU, at the unit

level/OMS/UTES/MATES (version 3.7 or later) and the support level/CSMS/MATES (version 4.0 or later) of maintenance. Although other methods of submitting DHA records are available, the NGBCU offers a feature for the identification of the source of the repair part or component that becomes visible at the national level and can be used in the OPTEMPO cost factor build. Additionally, analysis can be made of the various sources of obtaining the parts. Without the standardization NGBCU provides, this type of analysis is not possible.

g. A blanket, low-priority WO for each end item, to account for DHA demands is not a solution to compensate for the shortcomings of SAMS-1. It feeds erroneous data (i.e. one vehicle requiring 34 starters, 22 generators, and 4 fan towers) to the LOGSA Work Order Logistics File (WOLF), which then makes any DHA record suspect.

h. There are 787 maintenance facilities (OMS, UTES, CSMS, and MATES) in addition to the 3,166 MTOE units that perform maintenance in the Army National Guard. If only a quarter of the DHA demands are not reported, the ARNG loses millions of dollars of requirements in future OPTEMPO funding. The lost requirements/dollars cannot be recovered. It will take the extra effort of each maintenance facility to prevent the loss of millions in funding in future FYs.

2. Unit and Support Level. To affect OPTEMPO cost factors, only demands containing a valid NIIN (FEDLOG) are considered. DHA records with a Part Number or "locally assigned NIIN" are not included in the calculations. Due to this procedural restraint, part numbers should be cross-referenced to valid NIINs. For part numbers that cannot be cross-referenced, the use of a NIIN that closely resembles the function and cost of the actual part utilized is recommended to insure inclusion in the calculation of the OPTEMPO cost factors.

a. Unit Level. At the unit level, the DHA process is cumbersome and work intensive for a Unit Level Logistics System (ULLS) user. The ULLS (-A/-G/-S4) does not generate or permit DHA input.

(1). Scenario 1. The ULLS user may fill out a DA Form 2765 or 2765-1 DHA for manual input at the Support Supply Activity's (SSA) SARSS-1. The SARSS-1 operator can manually input the record. Although the EIC is not a

required field, it is necessary for proper application to OPTEMPO cost factors of each system. Using this manual procedure is not the recommended methodology, since it requires delivery time and burdens the SSA with reading handwritten documents and with additional keyboard effort. The fewer times a transaction is recorded, the fewer opportunities for errors.

(2). Scenario 2 - Recommended Solution. The NGB Communications Utility (NGBCU) facilitates the generation of DHA records (as well as other STAMIS shortfalls, such as automated D6S records). The NGBCU (version 3.7 or later) also assures that EIC identification is recorded on each DHA record and identifies the supply source of the repair part or component. At the unit (ULLS) level, the use of NGBCU provides the only automated method of creating DHAs, with appropriate EICs and source of supply codes. The number of users of the NGBCU is increasing, but many still do not use it.

b. Support Level:

(1). Repair parts or components that were procured outside the normal supply channel (A0A process) are entered in SAMS-1 using the "Add Supplemental" process. This process posts the repair part to the Work Order (WO) task as well as the Document Control Register in the SAMS-1, but does not produce an A0A requisition. When using this process, the user is prompted "Make DHA." Enter "<BLANK>" (absence of "Y") to the prompt, and utilize the NGBCU to enter the DHA information to be sent to the supporting SARRS-1. The rationale is:

(a). SAMS-1 can produce a DHA record, however, if the WO is for a component or item without an EIC code, the EIC field on the DHA record will be blank.

(b). SAMS-1 does not offer an easy method to enter the unique source of supply codes that are provided with NGBCU. Without this code, CEAC cannot identify the DHA record for cost factor development.

Note: It is possible to edit the raw data in the AHN4EI (supply output) file with a text editor (Microsoft WordPad or Microsoft Notebook) to include the EIC information. However, editing the raw data prior to sending to the SSA is extremely dangerous since the possibility of

corrupting the entire file with a single, malformed record, is possible and probable, and can cause the SARSS-1 to lock-up. This is not a solution, and should not be given serious consideration.

(2). If an Inspector determines a GS level component requires repair (whether on a separate WO or intra-shop WO), he should inform supply personnel to submit a DHA through NGBCU, with EIC for the component and the NGBCU "GS" code, to capture the demand requirement. The chart in Figure 2 graphically illustrates the effect of unreported demand requirements on GS components.

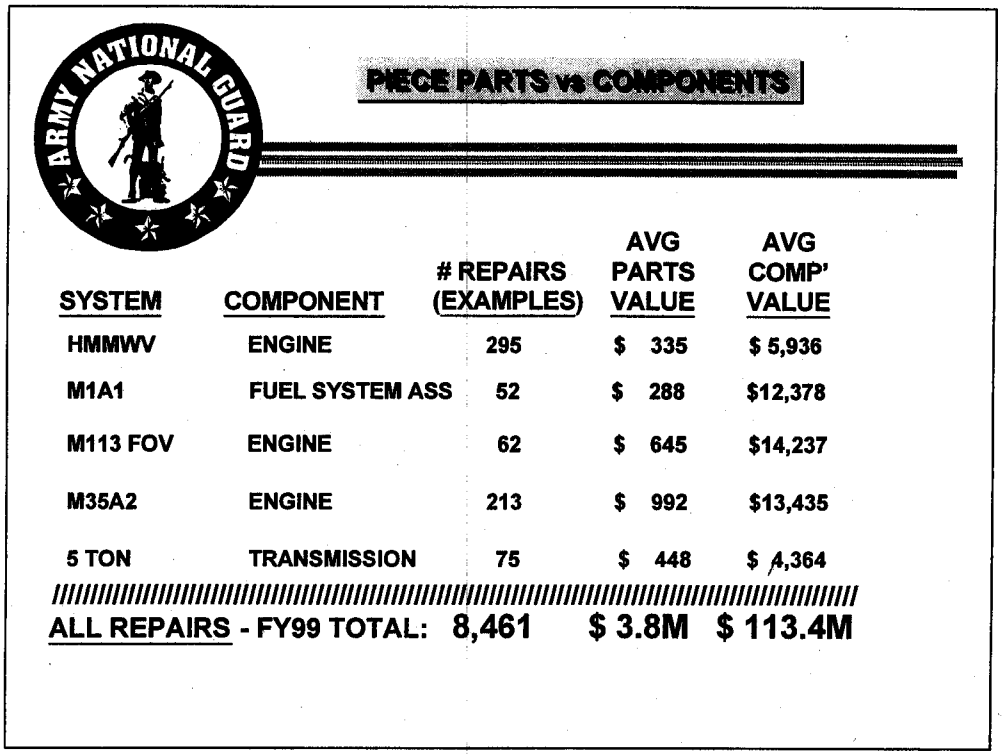

Figure 2. Effect of component DHAs

The $113.4M represents the cost of GS components if they were purchased rather than repaired [which is the end-state goal of Single Stock Fund (SSF)]. The $3.8M represents the demands for the piece parts required to repair the components. If component DHA records are not submitted, and all the piece parts were received in the normal supply channels, the $3.8M will be the only amount used in the calculation of OPTEMPO cost factors. Not reporting demand requirements for components will continue to adversely impact the Guard's readiness posture based on inadequate funding due to the understated OPTEMPO cost factors.

3. **Summary:**

a. ULLS users should submit a DHA record to identify a repair part or component not received through the normal supply (AOA process) channels, such as:

(1) A BPA or local purchase,

(2) A credit card purchase,

(3) A cannibalization point source,

(4) A DRMO source,

(5) A GMMC source,

b. SAMS-1 users should submit a DHA record to identify a repair part or component not received through the normal supply (AOA process) channels, such as:

(1) A BPA or local purchase,

(2) A credit card purchase,

(3) A cannibalization point source,

(4) A DRMO source,

(5) A GMMC source,

(6) Or when a GS component needs repair, regardless if an additional work order (inter-shop or separate) is generated or not generated.

c. The accurate calculation of OPTEMPO cost factors plays a vital role in the Guard's ability to sustain readiness and carry out our domestic and national security missions. Each member of the logistics community plays an integral part in the overall process. Everyone should be aware of the role each one has in the logistics cycle, and thoroughly understand the need to perform their routine duties in an accurate and timely manner so the steps toward a fair and appropriate OPTEMPO cost factor calculation are assured.

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